## WHAT IS CLAIMED IS:

- 1. A method for transcoding a frequency transform-encoded digital video signal representing a sequence of video frames to produce a compressed digital video signal for transmission over a limited bandwidth communication channel to a display, said method comprising the steps of:
- (a) providing a frequency transform-encoded digital video signal having encoded frequency coefficients representing a sequence of video frames, wherein the encoding removes temporal redundancies from the video signal and encodes the frequency coefficients as base layer frequency coefficients in a base layer and as residual frequency coefficients in an enhancement layer;
  - (b) identifying a gaze point of an observer on the display;
- (c) partially decoding the encoded digital video signal to recover the frequency coefficients;
- (d) adjusting the residual frequency coefficients to reduce the high frequency content of the video signal in regions away from the gaze point;
- (e) recoding the frequency coefficients, including the adjusted residual frequency coefficients, to produce a foveated transcoded digital video signal; and
- (f) displaying the foveated transcoded digital video signal to the observer.
- 2. The method according to claim 1, wherein the transformencoded digital video signal is a stereo video signal and the encoding removes stereo redundancies from the stereo video signal, and wherein the adjusting and recoding steps (d) and (e) are applied to two views.
- 3. The method according to claim 1, wherein a discrete cosine transform (DCT) is used to generate the frequency coefficients.
- 4. The method according to claim 3, wherein fine granularity scalability according to the streaming video profile of MPEG 4 is used to generate

the encoded digital video signal.

- 5. The method according to claim 1, wherein a wavelet transform is used to generate the frequency coefficients.
- 6. The method according to claim 5, wherein the frequency coefficients are encoded according to the JPEG2000 standard.
- 7. The method according to claim 1, wherein very low bit-rate video coding based on matching pursuits is used to generate the frequency coefficients.
- 8. The method according to claim 1, wherein the residual frequency coefficients are adjusted in step (d) according to an eccentricity-dependent model of a contrast threshold function of the human visual system.
- 9. The method according to claim 8, wherein the eccentricity-dependent model of the contrast threshold function of the human visual system indicates a maximum visually unnoticeable error for each residual frequency coefficient.
- 10. The method according to claim 8, wherein the eccentricity accounts for possible error in the estimate of the observer's point of gaze.
- 11. The method according to claim 4, wherein information content of the frequency coefficients is reduced by setting visually insignificant DCT coefficient bitplanes to zero.
- 12. The method according to claim 4, wherein information content of the frequency coefficients is reduced by discarding visually insignificant DCT coefficient bitplanes.

- 13. The method according to claim 4, wherein DCT coefficients corresponding to a region of interest at the gaze point are bit-plane shifted by applying visual weights during recoding in step (e) to give priority to these coefficients in the transcoded video signal.
- 14. The method according to claim 6, wherein information content of the frequency coefficients is reduced by discarding visually insignificant codeblock bitplane coding passes.
- 15. The method according to claim 6, wherein compressed data corresponding to a region of interest at the gaze point are given priority in the transcoded digital video signal.
- 16. The method according to claim 7, wherein a dictionary of basis functions is used to encode a prediction residual as a series of atoms, and information content of the frequency coefficients is reduced by discarding or coarsely quantizing visually insignificant atoms.
- 17. A system for transcoding a frequency transform-encoded digital video signal representing a sequence of video frames to produce a compressed digital video signal for transmission over a limited bandwidth communication channel, said system comprising:
- (a) a memory containing an encoded digital video signal representing a sequence of video frames, wherein the encoding removes temporal redundancies from the video sequence and encodes the frequency coefficients as base layer frequency coefficients in a base layer and as residual frequency coefficients in an enhancement layer;
  - (b) a display for displaying the video signal to an observer;
- (c) a gaze tracking device for identifying the observer's gaze point on the display;
- (d) a decoding unit for partially decoding the encoded digital video signal to recover the frequency coefficients;

- (e) a foveation processing unit for adjusting the residual frequency coefficients to reduce high frequency content of the video signal in regions away from the gaze point;
- (f) a transcoding unit for recoding the frequency coefficients, including the adjusted residual frequency coefficients, to produce a foveated transcoded digital video signal; and
- (g) means for transmitting and decoding the transcoded digital video signal and providing the decoded digital video signal to the display.
- 18. The system according to claim 17, wherein the digital video signal is a digital stereo video signal and the encoding also removes stereo redundancies from the digital stereo video signal.
- 19. The system according to claim 17, wherein the foveation processing unit includes a discrete cosine transform (DCT) for generating the frequency coefficients.
- 20. The system according to claim 19, wherein fine granularity scalability according to the streaming video profile of MPEG 4 is used to generate the encoded digital video signal.
- 21. The system according to claim 17, wherein the frequency coefficients are generated according to a wavelet transform.
- 22. The system according to claim 21, wherein the frequency coefficients are encoded according to the JPEG2000 standard.
- 23. The system according to claim 17, wherein the frequency coefficients are generated according to very low bit rate video coding based on a technique of matching pursuits.
  - 24. The system according to claim 17, wherein the foveation

processing unit for adjusting the frequency coefficients utilizes an eccentricitydependent model of a contrast threshold function of the human visual system.

- 25. The system according to claim 24, wherein the eccentricity-dependent model of the contrast threshold function of the human visual system indicates a maximum visually unnoticeable error for each frequency coefficient.
- 26. The system according to claim 24, wherein the eccentricity model accounts for possible error in the estimate of the observer's point of gaze.
- 27. The system according to claim 20, wherein the foveation processing unit reduces information content of the frequency coefficients by setting visually insignificant DCT coefficient bitplanes to zero.
- 28. The system according to claim 20, wherein the foveation processing unit reduces information content of the frequency coefficients by discarding visually insignificant DCT coefficient bitplanes.
- 29. The system according to claim 20, wherein DCT coefficients corresponding to a region of interest at the gaze point are bit-plane shifted during transcoding to give priority to these coefficients in the transcoded digital video signal.
- 30. The system according to claim 22, wherein the foveation processing unit reduces the information content of frequency coefficients by discarding visually insignificant codeblock bitplane coding passes.
- 31. The system according to claim 22, wherein compressed data corresponding to the region of interest at the gaze point is given priority in the transcoded signal.
  - 32. The system according to claim 23, wherein a dictionary of

basis functions is used to encode a prediction residual as a series of atoms, and wherein the foveation processing unit reduces information content of the frequency coefficients by discarding or coarsely quantizing visually insignificant atoms.